

Message Text

SECRET

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ORIGIN NEA-10

INFO OCT-01 ISO-00 PM-04 NSC-05 SP-02 SS-15 CIAE-00
INR-07 NSAE-00 OMB-01 TRSE-00 AID-05 EB-07 ACDA-07
IGA-02 L-03 H-01 INRE-00 NSCE-00 SSO-00 MC-02
/072 R

DRAFTED BY NEA/ARN:TP CKERING/TCAROLAN:PDW
APPROVED BY NEA:NAVELIOTES
NEA/ARN:MDRAPER
NEA/ARP:JTWINAM
PM/SAS:DKEENE
DOD/OSD/ISA/DSAA:LT.GEN.HFISH
DOD/OSD/ISA:LT. COL. PSLATER
DOD/OSD/ISA/DSAA:CPERKINS

-----040110Z 118557 /70

O 040027Z MAY 77
FM SECSTATE WASHDC
TO AMEMBASSY AMMAN IMMEDIATE
AMEMBASSY JIDDA IMMEDIATE
INFO CHUSMTM
SECDEF IMMEDIATE

S E C R E T STATE 100267

E.O. 11652: GDS

TAGS: MASS, PFOR, US, JO, SA

SUBJECT: JORDAN AIR DEFENSE

1. WE ARE INSTRUCTING AMBASSADOR PICKERING TO TRANSMIT
FOLLOWING LETTER RE JORDAN'S AIR DEFENSE FUNDING PROBLEM
TO ABDUL HAMID SHARAF, CHIEF OF THE ROYAL COURT, WHO IS
PRESENTLY ACCOMPANYING KING HUSSEIN ON HIS TOUR OF THE
U.S.

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2. BEGIN TEXT: DEAR SHARIF ABDUL HAMID:

IN CONNECTION WITH OUR CONTINUING DISCUSSIONS REGARDING THE
OVERDUE INITIAL PAYMENT OF DOLS 140 MILLION FOR JORDAN'S
AIR DEFENSE (HAWK/VULCAN) PROGRAM, I UNDERSTAND THAT THE
JORDANIAN GOVERNMENT WILL SHORTLY BE APPROACHING THE
GOVERNMENT OF SAUDI ARABIA IN AN EFFORT TO RESOLVE THIS

MATTER TO THE SATISFACTION OF ALL PARTIES CONCERNED.

UNDER A WRITTEN AGREEMENT BETWEEN THE GOVERNMENTS OF THE UNITED STATES AND SAUDI ARABIA IN AUGUST 1976, IN WHICH THE SAUDI GOVERNMENT UNDERTOOK TO FINANCE JORDAN'S DOLS 540 MILLION AIR DEFENSE PROGRAM THROUGH ANNUAL PAYMENTS OVER A FIVE-YEAR PERIOD, THE SAUDI GOVERNMENT AUTHORIZED OUR DEPARTMENT OF DEFENSE TO DRAW ON FUNDS CURRENTLY ON DEPOSIT IN THE SAUDI FOREIGN MILITARY SALES (FMS) ACCOUNT

(MAINTAINED BY OUR DEFENSE DEPARTMENT) WHENEVER THE FUNDING REQUIREMENTS OF JORDAN'S AIR DEFENSE PROGRAM EXCEEDED THE PAYMENTS MADE BY SAUDI ARABIA. IT WAS ALSO AGREED THAT THE SAUDI GOVERNMENT WOULD REPLENISH ITS FMS ACCOUNT THROUGH IMMEDIATE PAYMENT IN THE UNLIKELY EVENT THAT FUNDS PREVIOUSLY DEPOSITED IN THAT ACCOUNT WERE NOT SUFFICIENT TO COVER BOTH ONGOING SAUDI PROGRAMS AND THE FUNDING REQUIREMENTS OF JORDAN'S AIR DEFENSE PROGRAM.

IN VIEW OF THE CURRENT UNCERTAINTY OVER HOW THE GOVERNMENTS OF JORDAN AND SAUDI ARABIA INTEND TO HANDLE THE OVERDUE INITIAL PAYMENT OF DOLS 140 MILLION TO COVER THE COST OF JORDAN'S AIR DEFENSE PROGRAM THROUGH MARCH 31, 1977, THE U.S. GOVERNMENT URGES THE GOVERNMENT OF JORDAN TO WORK OUT ARRANGEMENTS DIRECTLY WITH THE SAUDI ARABIAN GOVERNMENT AS QUICKLY AS POSSIBLE. IN ORDER TO FACILITATE THIS PROCESS, A POSSIBLE OPTION THAT WOULD BE ACCEPTABLE TO THE U.S. GOVERNMENT IS AS FOLLOWS:

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(A) IN KEEPING WITH THE AUGUST 1976 AGREEMENT, THE U.S. GOVERNMENT IS ENTITLED TO DRAW UP TO A LIMIT OF DOLS 540 MILLION FROM THE SAUDI FMS ACCOUNT TO COVER THE ONGOING EXPENSES OF JORDAN'S AIR DEFENSE PROGRAM, IN THE ABSENCE OF REGULAR PAYMENTS BY SAUDI ARABIA TO THE UNITED STATES DEPARTMENT OF DEFENSE AS PROVIDED FOR IN THAT AGREEMENT.

(B) SUBJECT TO THE AUGUST 1976 AGREEMENT REMAINING IN FULL FORCE, THE U.S. GOVERNMENT IS PREPARED TO BILL THE GOVERNMENT OF SAUDI ARABIA FOR THE INITIAL, AND CURRENTLY OVERDUE, DOLS 140 MILLION PAYMENT ONE YEAR FOLLOWING THE TERMINATION OF THE FIVE-YEAR PAYMENT SCHEDULE PREVIOUSLY AGREED UPON. THIS MEANS THAT THE DOLS 140 MILLION PAYMENT WOULD BE BILLED TO THE GOVERNMENT OF SAUDI ARABIA ON JUNE 30, 1981, ONE YEAR AFTER THE FINAL PAYMENT ENVISAGED IN THE CURRENT SCHEDULE HAS BEEN MADE. IT IS HOPED THAT THE ADDITIONAL TIME PROVIDED BY THIS PROPOSAL WOULD ENABLE THE GOVERNMENTS OF JORDAN AND SAUDI ARABIA TO

CLARIFY AND RESOLVE THEIR CURRENT MISUNDERSTANDING
REGARDING THE OVERDUE INITIAL PAYMENT OF DOLS 140 MILLION.

IF THE GOVERNMENT OF SAUDI ARABIA IS AGREEABLE TO THIS
PROCEDURE, WE BELIEVE IT WOULD BE DESIRABLE TO HAVE ITS
WRITTEN ASSENT THROUGH WHATEVER CHANNELS IT DEEMS APPRO-
PRIATE.

/S/ THOMAS R. PICKERING, AMERICAN AMBASSADOR. END TEXT.

3. FOR JIDDA: IF THIS PROCEDURE IS AGREEABLE TO THE
JORDANIANS, WE BELIEVE IT WOULD BE ADVANTAGEOUS FOR YOU
--OR, IF YOU PREFER, CHIEF OF USMTM -- TO BRIEF THE
SAUDIS ON IT. WE WOULD ALSO WISH TO BRIEF AMBASSADOR
ALIREZA HERE, IN LIGHT OF HIS INTEREST AND INVOLVEMENT
IN THE QUESTION OF THE FMS LOAN GUARANTEE WHICH THE
JORDANIANS ARE SEEKING FROM THE SAUDIS.

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4. FOR AMMAN: HOLD FOR AMBASSADOR'S RETURN.
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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Concepts: FINANCE, AIR DEFENSE, DIPLOMATIC COMMUNICATIONS, DEBT REPAYMENTS, MILITARY SALES, MISSILES
Control Number: n/a
Copy: SINGLE
Sent Date: 04-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 22 May 2009
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Disposition History: n/a
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TAGS: MASS, PFOR, US, JO, SA, (PICKERING, THOMAS R), (HAMID, SHARIF ABDUL)
To: AMMAN JIDDA
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